Co-operative banks under RBI

3689. SHRI LAJPAT RAI: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering to bring co-operative banks under the control of Reserve Bank of India keeping in view a number of scams and rackets in the working of co-operative banks;

(b) if so, whether State Governments have been consulted in this regard;

(c) if so, whether they have agreed to this; and

(d) by when a final decision is likely to be taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (d) Presently the co-operative banks, which are registered as co-operative societies under the respective State Co-operative Acts, are under the dual control of Reserve Bank of India (RBI) and the respective State Governments (or Central Government in case of Multi-State urban co-operative banks). This causes constant irritants and ambiguity in regulation and supervision of these banks. This issue has been examined in detail by various committees in consultation with State Governments and it is felt that to remove this duality of control, banking functions should be fully brought under RBI. Effort is being made to evolve a consensus in this regard in consultation with the State Governments.